

17179000001 0000 000
Statistical Reference Index
Acquisitions
4520 East West Highway - Suite 800
Bethesda, MD 20814

STATISTICAL BULLETIN

R4105-3A

Volume 19, No. 6, June, 1986

—CONTENTS—

Comment	2-3
Status of Leading Economic Indicators	4
Diffusion Indexes	5
Business Executives' Expectations	5
Capital Appropriations	6
Key Determinants of Profit Margins	7
Economic Forecasts	8-9
Selected International Comparisons	10-11
Perspective on The Federal Budget	12
Money Supply and Monetary Policy	13
Help-wanted Advertising Indexes	14
Consumer Confidence and Buying Plans	15
Automobile Sales	16

The Conference Board
70th Anniversary



THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

- NEW ORDERS STILL DECLINING
- INDUSTRIAL PRODUCTION REMAINS FLAT
- RAW INDUSTRIAL PRICES CONTINUE TO FALL
- AND THE LABOR MARKET HAS COOLED OFF
- BUT MANUFACTURING EXPORTS ARE RISING
- HOME SALES AND STARTS ARE IMPROVING
- OUTLOOK * THE FORECASTERS STILL SEE A BRIGHT SECOND HALF OF 1986, AFTER A VERY SLUGGISH SECOND QUARTER

OVERVIEW: If the **Economic Forecasts** are on target, renewed economic expansion will be a prime-time story by late Summer. Indeed, the stock-market rally seems to have already discounted that development. That rally appears to be stalling as incoming economic reports continue to reflect an uneven distribution of growth: steady, respectable expansion of services while the industrial sector remains flat.

It is somewhat disconcerting that conditions in the industrial core of the economy remain so weak despite the stimulus of lower energy prices, lower interest rates, and some narrowing in the trade balance. Reinvigorating industry, some analysts contend, will require further interest-rate reduction. But the Federal Reserve seems anxious to spike such expectations. Among other considerations, we agreed with our allies at the Tokyo Summit to try coordinating policy. And neither the West Germans nor the Japanese have much enthusiasm for further rate reductions at the moment.

The pick up in car sales and home buying in recent months has been the most visible response to lower interest rates. Elsewhere, the rise in consumer spending has been more moderate. Business investment has apparently been weaker than consumer spending. For economic expansion to move onto a faster track in the second half of 1986, consumer spending will have to rise a little faster and business investment in plant and equipment will have to quicken. Given budget constraints, total government spending doesn't appear likely to outperform the private sector.

DOMESTIC MARKET MONITOR

The labor-market is slumping, unemployment has inched higher. Employment growth has slowed and those few, new jobs are generally low paying. Furthermore, initial unemployment claims have started to rise while total hours worked have begun to fall. And the number of discouraged workers is starting to go up. Finally, there are no signs that labor demand is picking up.

Faced with sluggish job growth, some out-of-work, adult men have stopped looking for a job. If the number of adult, male jobseekers had risen at the same pace as that for adult women, the unemployment rate would have been 7.7% in May, instead of the actual 7.3% rate. The adult-female labor force was 1% higher in May than 3 months earlier. The adult-male labor force (61 million) only increased by 25,000.

Labor-market conditions may not improve much over the next few months. The Conference Board's **Help-wanted Index** declined to 132 (1967 = 100) in April, from a reading of 145 only 4 months earlier. And early returns to the May survey indicate that this measure of labor demand probably declined another few points. Improved labor-market conditions may not show up before late Summer.

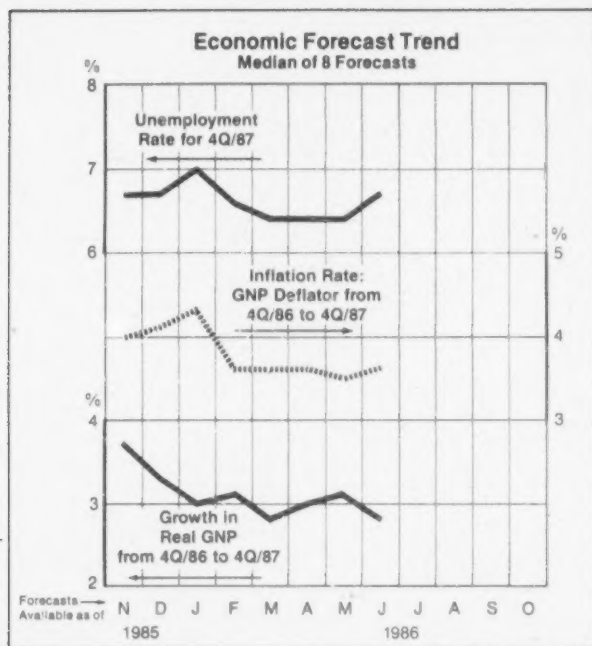
Consumer buying has been unusually selective in recent months. For example, hardware and building-supply sales were 7.7% higher in April than 3 months earlier. Furniture and appliances were 0.3% lower, nondurable sales were 0.8% lower and sales of cars and parts were 1.8% lower. New, domestic **Automobile Sales**, however, improved to a seasonally-adjusted 7.8 million annual rate in April and remained at that pace in May. Still, that result was somewhat disappointing since car makers introduced selective price cuts and lower loan rates, while prices on some foreign models were raised—due to the dollar's depreciation.

The combination of no growth in hours worked and almost no change in hourly pay rates has resulted in declining wage income in commodity-producing industries: 0.5% lower in April than 3 months earlier. Wages in other industries were 1.2% higher. But nonwage income was 2.3% higher. Increases in purchasing power would have more impact on spending if it weren't so concentrated in the non-wage categories.

Subdued borrowing is also holding down gains in consumer spending. Revolving credit slowed in December and has continued to moderate since then. The net change in auto loans fell in March and February as car sales slumped.

Ken Goldstein, Editor

STATISTICAL BULLETIN (ISSN 0010-5554), published monthly by The Conference Board Inc. 845 Third Avenue, New York, N.Y. 10022. Printed in New York, N.Y. Second-class postage paid at New York, N.Y.



Auto sales picked up in April and May, which implies that auto loans probably rose in those 2 months.

Consumer attitudes have remained fairly fixed over the first half of 1986. That suggests that, unlike financial-market participants, consumers have not been terribly impressed with negative economic news, especially with regard to labor market developments. Nor have they been affected by rosy **Economic Forecasts**.

Residential construction appears to be one of the bright spots in the economy at the moment. New, single-family home sales fell only 3½% in April, following a 26% jump in March. Lower mortgage rates are clearly helping sales. Home-price appreciation may be inducing some buyers to get in now. New starts, both for single- and multi-unit homes, rose 3½% in April. Nonresidential construction, however, remained flat through the first 4 months of the year. Nor is there any hint of change soon. Commercial-building vacancy rates remain high and industrial capacity utilization remains low.

Industrial production is, at best, stagnant. After declining for 2 months, it only increased by 0.2% in April. Given the drop in both employment and hours worked in May, industrial output probably declined that month. And these declines would probably be even steeper if exports of manufactured products hadn't begun to rise in recent months.

With declining new orders, manufacturers have little incentive to speed production and hire workers. After declining for 3 months, durable orders were 3.4% lower in April than 3 months earlier. In fact, production schedules have only been maintained by filling old orders faster than new orders come in.

INVENTORY: Even though industrial output is declining, inventory—except cars at the retail level—has remained stable, no higher in March than 3 months earlier. And increased car sales in April and May probably helped clear some of those car lots.

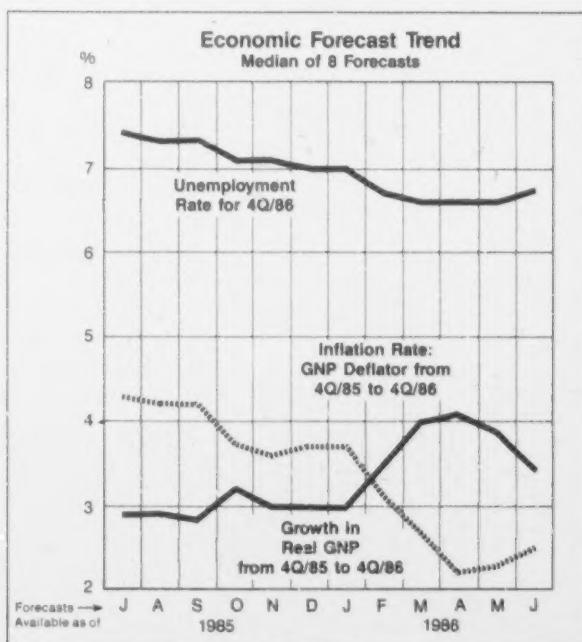
PRICES: After a brief rally, crude-oil prices fell again in early June. Raw industrial prices fell in April for the 3rd straight month: Metal prices fell 5.7% in April, following a 6.1% decline in March. Lower energy and metal prices are showing up at the wholesale level but are being offset at the retail level by increased prices for shelter, medical care, clothing and—despite depressed farm prices—food. The CPI fell 0.3% in April but the component for all items except energy rose 0.4 percent.

INTERNATIONAL MONITOR

Imports have been declining in recent months. Oil shipments, both in terms of dollars and volume, have fallen sharply. Manufactured goods, except aircraft, were 3% lower in April than 3 months earlier. Aircraft, however, was 43% higher. With that one exception, imports are no longer flooding into domestic markets.

Helped by a lower dollar, and economic growth in some of our trading partners, exports have begun to rise. Shipments were 5.6% higher in April than 3 months earlier, despite a 16% drop in farm goods. Manufactured goods are rising sharply: Nonelectric machinery was up 6.5%; transport equipment (except aircraft) rose 11.6%; electric machinery rose 17.5% and aircraft rose 33 percent. Interestingly, exports to Japan were 8.1% higher.

Ken Goldstein
June 7, 1986

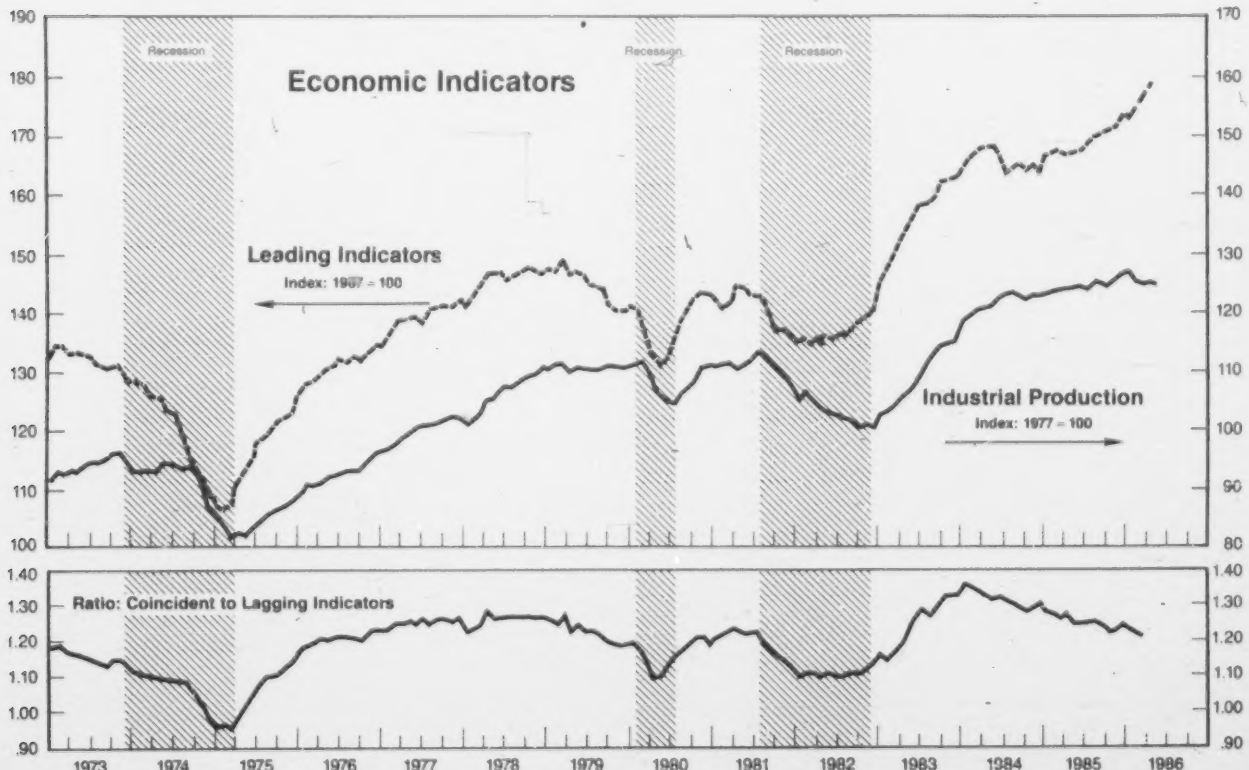


STATUS OF LEADING ECONOMIC INDICATORS

		Rising (Classification based on movement of series over several months)	Level	Declining	Change over latest three months	Change From Year-Ago
Leading Economic Indicators	Apr.	X	-		3.2%	7.5%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Apr.		X		13.0%	2.1%
New orders, nondefense capital goods (deflated)	Apr.		X		10.8%	3.9%
*New business formation	Apr.	X			5.4%	7.0%
*Housing permits	Apr.	X			1.3%	11.3%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Apr.		X		- 2.5%	4.6%
*Change in inventory, on hand & order (deflated)	Mar.	X			14.9%	13.9%
Purchasing agents' buying policy	May		X		0%	2%
*Vendor performance, reported slower deliveries	Apr.	X			4%	6%
Industrial raw materials prices	May			X	- 5.1%	- 12.2%
*Change in sensitive material prices	Apr.			X	- 0.5%	0.0%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Apr.	X			3.1%	6.0%
Change in business loans	Apr.			X	- 49.4%	- 7.6%
*Change in credit outstanding	Apr.			X	- 1.3%	- 4.4%
Change in consumer installment debt	May			X	- 33.0%	- 55.0%
Profitability						
Total corporate profits, after tax (deflated)	1st Q			X	- 5.9%	- 0.5%
*Common stock prices	May	X			7.8%	28.0%
Marginal Employment Adjustments						
*Average workweek, mfg.	May		X		- 0.1hr	0.2hr
*Initial unemployment claims (inverted)	May			X	1.6%	1.3%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) June, 1977.

*These twelve series make up the Composite Leading Index charted below.



CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1985	1986			
	Apr.	Jan.	Feb.	Mar.	Apr. (e)
Principal Diffusion Index	54.2	59.7r	54.6r	50.7r	51.8
Auxiliary Diffusion Index	53.6	55.4r	33.5r	37.2r	53.4
Industrial Group	48.6	61.3	53.5r	49.3r	48.0
Nonindustrial Group	59.9	58.1r	55.8r	52.1r	55.5
Sense of Diffusion	0	1	1	0	0

SUBGROUP DIFFUSION INDEXES

Industrial Subgroups

Production	41.9	67.5	62.4r	52.1r	50.9
Labor	55.1	61.8	52.4	49.9	50.9
Miscellaneous	42.3	50.6	42.9	43.6r	36.5

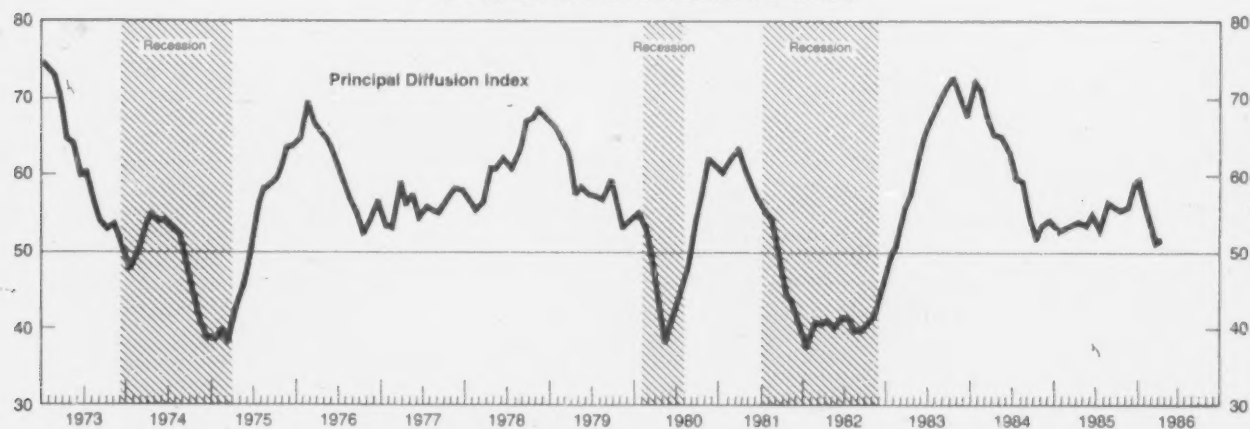
Nonindustrial Subgroups

Prices	42.9	54.5	54.5	54.5	53.8
Consumer	76.9	73.1	67.9	63.2	64.1
Building	65.4	49.7	49.4	41.3	50.0
Miscellaneous	50.4	51.3r	48.7r	46.6r	51.7

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1983		1984				1985				1986
	Aug.	Nov.	Feb.	May	Aug.	Nov.	Feb.	May	Aug.	Nov.	Feb.
Score (scale 0-100)											
Measure of Business Confidence	75	74	70	65	61	57	61	52	51	55	61
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	82	80	76	75	70	57	62	48	45	53	63
2. Expectations for Economy, Six Months Ahead	74	73	67	60	57	57	61	53	53	56	62
3. Expectations for Own Industry, Six Months Ahead	69	70	67	61	57	58	61	55	54	56	59

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question, and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

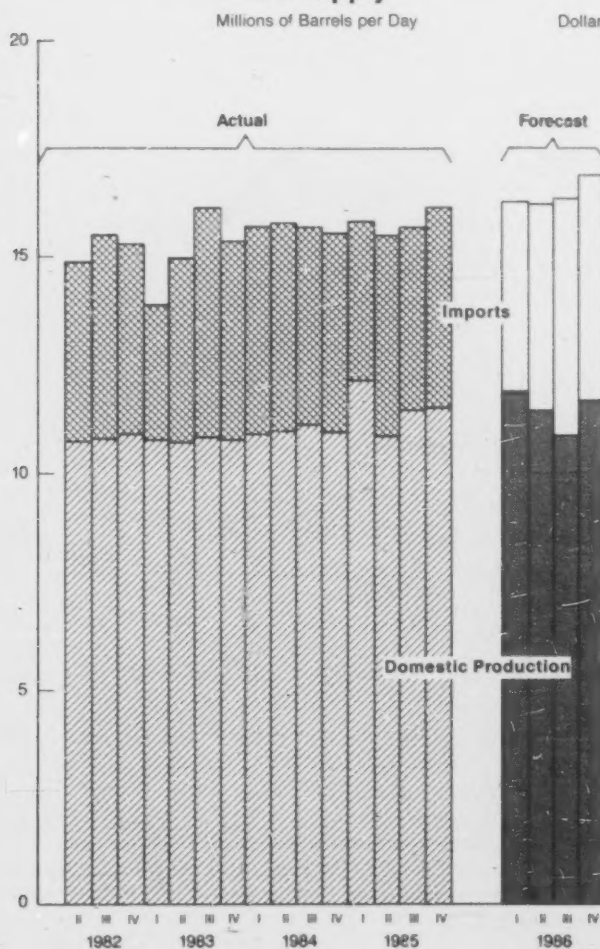
	1984			1985				Percent Change From Previous Year	
	II	III	IV	I	II	IIIr	IVp	1985p Actual	1986 Estimate
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	34.123	27.309	29.100	29.938	27.560	24.167	27.499	- 7	4
Capital expenditures	21.739	23.034	24.587	23.354	24.911	24.730	26.643	11	8
Change in appropriations backlog*	+ 10.715	+ 2.885	+ 2.302	+ 4.984	+ 0.529	-2.702	-2.139		
Durable Goods									
New appropriations	18.702	12.742	15.072	16.737	10.910	12.031	12.452	- 13	0
Capital expenditures	10.041	11.101	12.223	11.648	12.814	12.299	12.802	16	5
Change in appropriations backlog*	+ 8.212	+ 1.107	+ 1.797	+ 4.154	-2.515	-1.094	-2.734		
Nondurable Goods									
New appropriations	15.421	14.567	14.028	13.201	16.650	12.136	15.047	- 2	8
Capital expenditures	11.698	11.933	12.364	11.706	12.097	12.431	13.841	6	10
Change in appropriations backlog*	+ 2.503	+ 1.778	+ 0.505	+ 0.830	+ 3.044	-1.608	+ 0.595		
ELECTRIC & GAS UTILITIES									
New appropriations	7.839r	9.863r	11.554r	9.066	15.509r	5.516p			
Capital expenditures	9.016r	9.212r	9.337r	8.828	9.156r	9.047p			
Change in appropriations backlog*	-2.897r	-1.607r	-3.147r	+ 0.106	+ 4.809r	-5.496p			

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

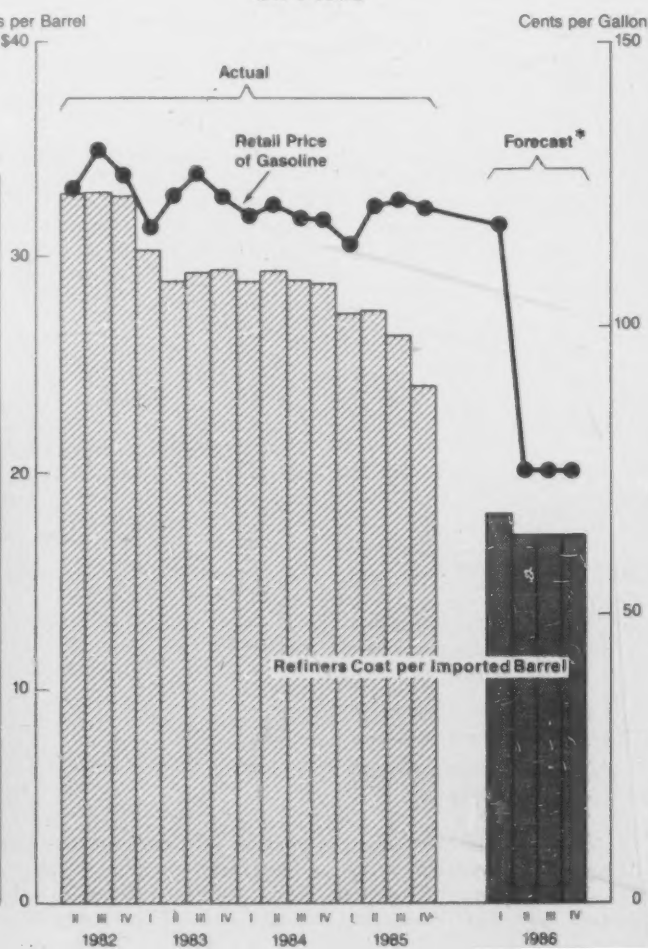
r—revised p—preliminary

* Change in Backlog = New Appropriations - (Expenditures + Cancellations + Other Adjustments).

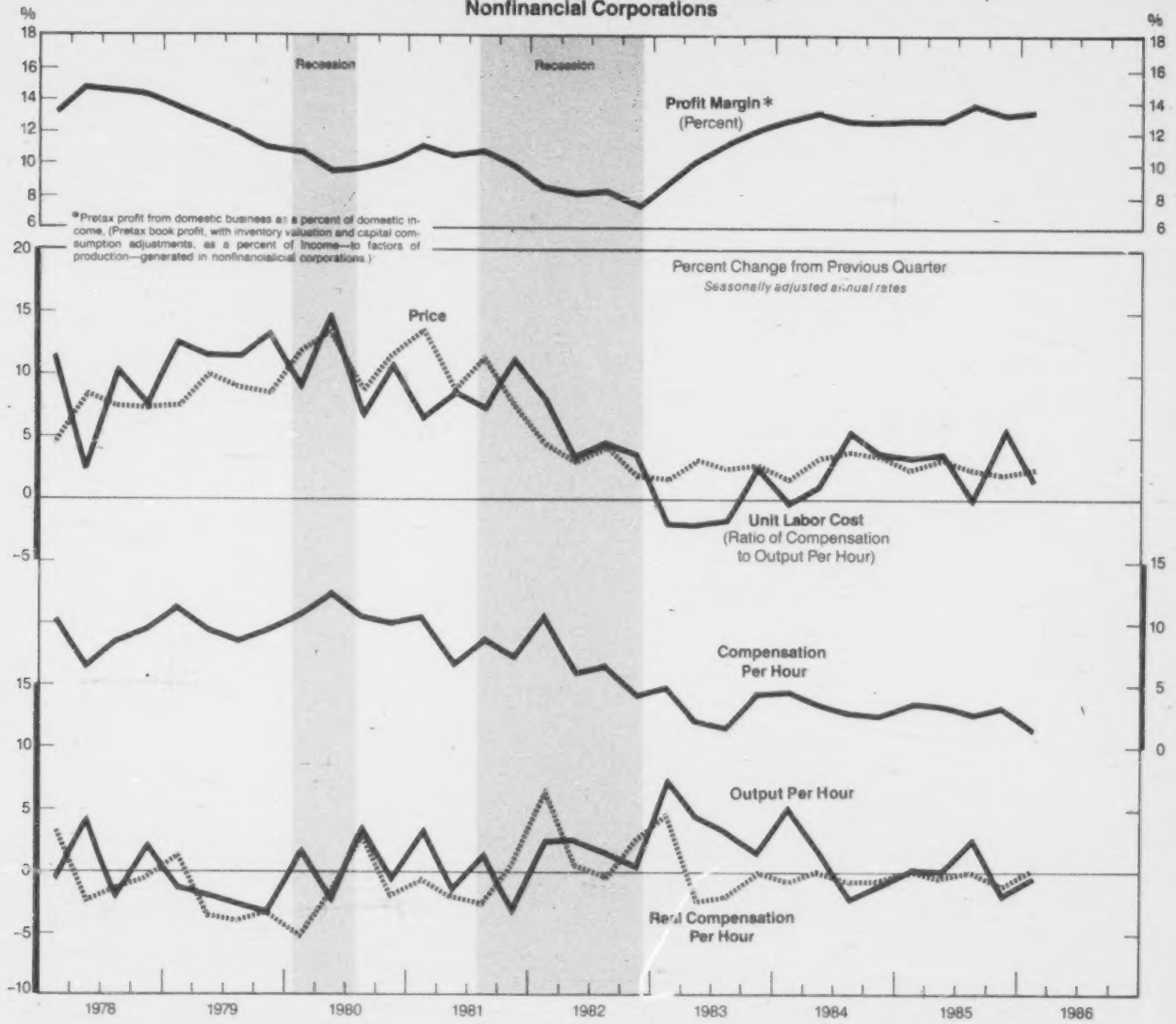
Oil Supply



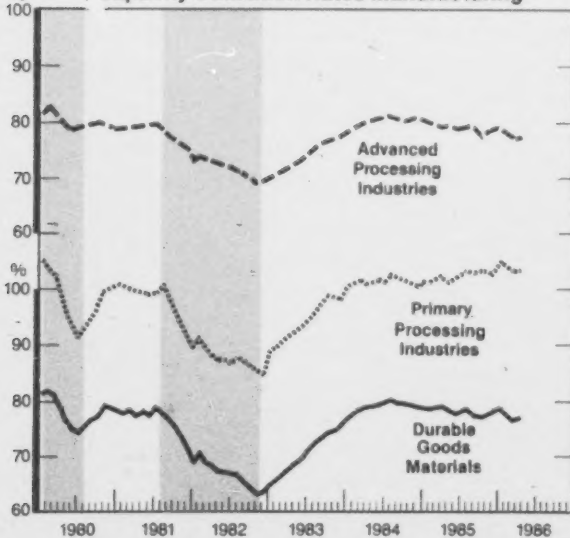
Oil Price



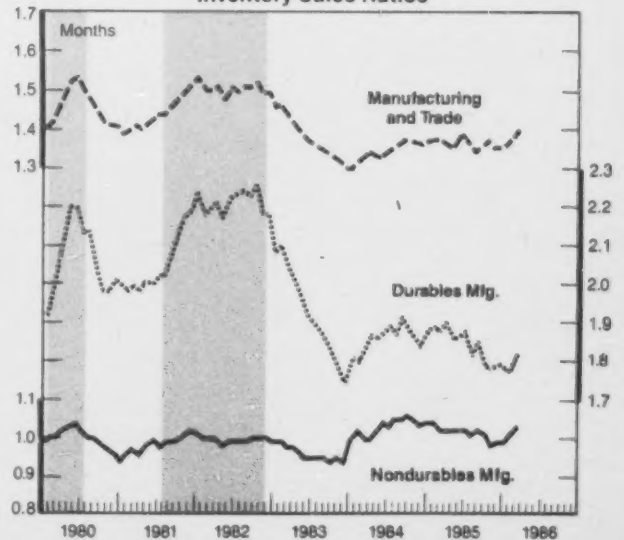
Key Determinants of Profit Margin Nonfinancial Corporations



Capacity Utilization Rates Manufacturing



Inventory-Sales Ratios



ECONOMIC FORECASTS

		U.C.L.A. ² Business Forecasting Project		Merrill Lynch ² Economics Inc.		E.I. duPont ¹ de Nemours & Co.		Georgia State University ²	
Date of Forecast		May, 1986		May, 1986		Apr., 1986		May, 1986	
		Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change
Gross National Product Billions of Current Dollars									
Actual	1986 I	\$4121.3	6.3%	\$4121.3	6.3%			\$4121.3	6.3%
	II	4175.2	5.3	4169.2	4.7	\$4166.7	4.9%	4161.3	3.9
	III	4258.9	6.3	4236.8	6.6	4262.3	9.5	4236.3	7.4
	IV	4340.3	7.9	4313.2	7.4	4355.5	9.0	4309.7	7.1
	1987 I	4437.5	9.3	4381.2	6.5	4418.2	5.9	4376.3	6.3
	II	4531.3	8.7	4451.2	6.5	4489.9	6.7	4432.0	5.2
	III	4620.7	8.1	4521.0	6.4	4561.3	6.5	4472.5	3.7
	IV	4710.0	8.0	4589.2	6.2	4627.6	5.9	4526.7	4.9
	1988 I	4818.7	9.6			4691.7	5.7		
	II	4916.4	8.4			4747.7	4.9		
	1986 Annual	4223.9	5.9	4210.1	5.6	4225.3	5.9	4207.2	5.5
	1987 Annual	4574.9	8.3	4485.7	6.5	4524.3	7.1	4451.9	5.8
Gross National Product Billions of Constant (1982) Dollars									
Actual	1986 I	\$3623.5	3.7%	\$3623.5	3.7%			\$3623.5	3.7%
	II	3655.9	3.6	3643.1	2.2	\$3655.0	4.0%	3655.7	3.8
	III	3708.0	5.8	3675.6	3.6	3715.0	6.8	3682.7	3.0
	IV	3751.6	4.8	3715.8	4.4	3771.0	6.1	3706.0	2.6
	1987 I	3798.0	5.0	3741.7	2.8	3799.0	3.0	3724.3	2.0
	II	3845.3	5.1	3767.8	2.8	3831.0	3.4	3743.0	2.0
	III	3882.3	3.9	3792.0	2.6	3859.0	3.0	3736.4	-7
	IV	3912.0	3.1	3815.5	2.5	3879.0	2.1	3741.1	.5
	1988 I	3945.1	3.4			3900.0	-2.2		
	II	3973.1	2.9			3914.0	1.4		
	1986 Annual	3684.8	3.2	3664.5	2.6	3690.3	3.4	3667.0	2.7
	1987 Annual	3859.4	4.7	3779.3	3.1	3842.0	4.1	3736.2	1.9
Gross National Product deflator Index, 1982 = 100									
Actual	1986 I	113.7	2.5%	113.7	2.5%			113.7	2.5%
	II	114.2	1.7	114.4	2.5	114.0	0.9%	113.8	0.3
	III	114.9	2.3	115.3	2.9	114.7	2.5	115.0	4.3
	IV	115.7	2.9	116.1	2.8	115.5	2.8	116.3	4.4
	1987 I	116.8	4.0	117.1	3.5	116.3	2.8	117.5	4.3
	II	117.8	3.5	118.1	3.6	117.2	3.1	118.4	3.1
	III	119.0	4.1	119.2	3.7	118.2	3.5	119.7	4.4
	IV	120.4	4.7	120.3	3.8	119.3	3.8	121.0	4.4
	1988 I	122.1	5.9			120.3	3.4		
	II	123.7	5.3			121.3	3.4		
	1986 Annual	114.6	2.6	114.9	2.8	114.5	2.5	114.7	2.7
	1987 Annual	118.5	3.4	118.7	3.3	117.7	2.8	119.2	3.9
Unemployment Rate									
Actual	1986 I		7.1%		7.1%		7.1%		7.1%
	II		7.0		7.0		6.9		7.0
	III		6.8		6.9		6.7		6.9
	IV		6.5		6.8		6.6		6.7
	1987 I		6.3		6.8		6.6		6.6
	II		6.0		6.8		6.7		6.5
	III		5.8		6.8		6.8		6.7
	IV		5.7		6.8		6.9		6.9
	1988 I		5.6				7.0		
	II		5.5				7.1		
	1986 Annual		6.8		7.0		6.8		6.9
	1987 Annual		5.9		6.8		6.8		6.7

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

¹Based on preliminary first quarter data.

²Based on revised first quarter data.

ECONOMIC FORECASTS (continued)

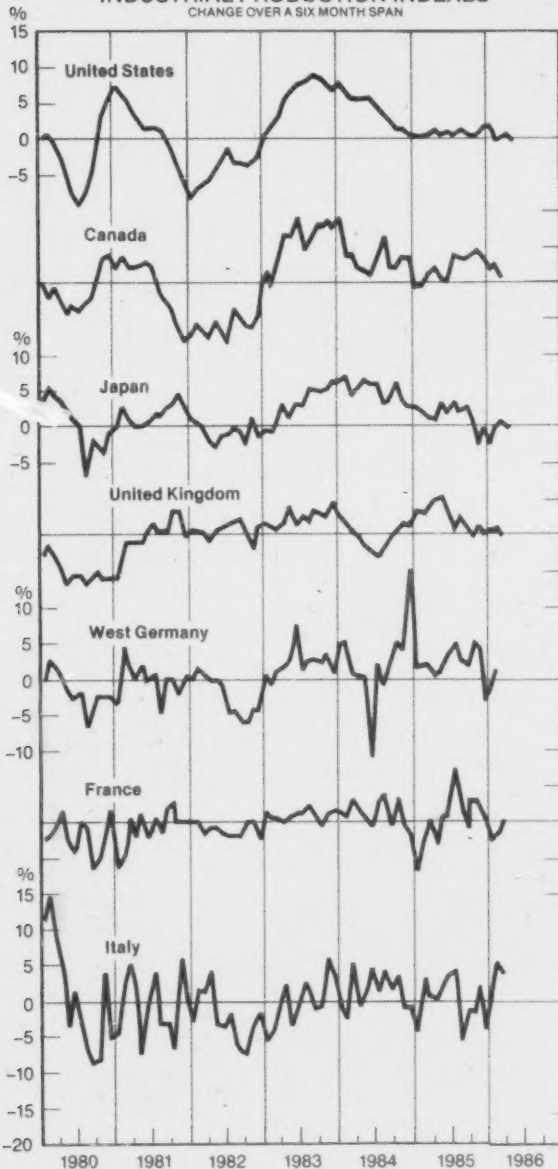
The Conference Board ²		Chase Econometric ¹ Associates, Inc.		Data Resources Inc. ³		Wharton E.F.A. Inc. ⁴		Date of Forecast		
May, 1986		May, 1986		May, 1986		May, 1986				
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
Gross National Product Billions of Current Dollars										
\$4121.3	6.3%	\$4121.3	6.3%	\$4121.3	6.3%	\$4121.3	6.3%	I	1986	Actual
\$4168.0	4.8	4154.0	3.2	4159.8	3.8	4161.0	3.9	II		
4237.0	6.8	4226.7	7.2	4220.7	6.0	4227.8	6.6	III		
4316.0	7.7	4305.3	7.6	4275.5	5.3	4310.6	8.1	IV		
4387.0	6.7	4365.1	5.7	4336.7	5.8	4393.9	8.0	I	1987	
4424.0	3.4	4425.9	5.7	4404.2	6.4	4469.6	7.1	II		
4477.0	4.9	4505.9	7.4	4469.7	6.1	4540.2	6.5	III		
4552.0	6.9	4570.3	5.8	4536.5	6.1	4604.9	5.8	IV		
		4642.6	6.5	4621.2	7.7	4677.3	6.4	I	1988	
		4719.2	6.8	4692.9	6.4	4757.6	7.0	II		
4210.6	5.6	4201.8	5.3	4194.3	5.2	4205.2	5.4	Annual	1986	
4460.0	5.9	4466.8	6.3	4436.8	5.8	4502.2	7.1	Annual	1987	
Gross National Product Billions of Constant (1982) Dollars										
\$3623.5	3.7%	\$3623.5	3.7%	\$3623.5	3.7%	\$3623.5	3.7%	I	1986	Actual
3644.2	2.3	3631.2	0.9	3641.6	2.0	3642.6	2.1	II		
3674.8	3.4	3665.8	3.9	3674.7	3.7	3677.8	3.9	III		
3711.0	4.0	3703.7	4.2	3697.4	2.5	3727.4	5.5	IV		
3736.7	2.8	3726.0	2.4	3718.9	2.3	3773.2	5.0	I	1987	
3736.7	0.0	3748.0	2.4	3753.9	3.8	3806.6	3.6	II		
3746.0	1.0	3776.3	3.1	3782.6	3.1	3833.7	2.9	III		
3768.3	2.4	3793.6	1.8	3806.8	2.6	3855.5	2.3	IV		
		3817.7	2.6	3835.5	3.0	3875.8	2.1	I	1988	
		3844.7	2.7	3858.3	2.4	3901.0	2.6	II		
3663.4	2.6	3656.1	2.4	3659.3	2.5	3667.8	2.7	Annual	1986	
3746.9	2.3	3761.0	2.9	3765.6	2.9	3817.3	4.1	Annual	1987	
Gross National Product deflator Index, 1982 = 100										
113.7	2.5%	113.7	2.5%	113.7	2.5%	113.7	2.5%	I	1986	Actual
114.4	2.3	114.4	2.3	114.2	1.7	114.2	1.7	II		
115.3	3.3	115.3	3.2	114.9	2.2	115.0	2.6	III		
116.3	3.5	116.2	3.3	115.6	2.7	115.6	2.4	IV		
117.4	3.8	117.2	3.2	116.6	3.4	116.5	2.8	I	1987	
118.4	3.4	118.1	3.2	117.3	2.5	117.4	3.4	II		
119.5	3.8	119.3	4.2	118.2	2.9	118.4	3.5	III		
120.8	4.4	120.5	3.9	119.2	3.4	119.4	3.5	IV		
		121.6	3.8	120.5	4.5	120.7	4.2	I	1988	
		122.7	3.8	121.6	3.9	122.0	4.3	II		
114.9	2.9	114.9	2.9	114.6	2.6	114.6	2.6	Annual	1986	
119.0	3.6	118.8	3.3	117.8	2.8	117.9	2.9	Annual	1987	
Unemployment Rate										
	7.1%		7.1%		7.1%		7.1%	I	1986	Actual
	7.2		7.0		7.0		7.1	II		
	7.0		6.7		6.9		7.0	III		
	6.8		6.4		6.9		6.7	IV		
	6.8		6.3		6.8		6.5	I	1987	
	7.2		6.2		6.8		6.4	II		
	7.4		6.2		6.7		6.3	III		
	7.3		6.2		6.6		6.3	IV		
			6.2		6.6		6.5	I	1988	
			6.1		6.5		6.6	II		
	7.0		6.8		7.0		7.0	Annual	1986	
	7.2		6.2		6.7		6.4	Annual	1987	

Please Note: In the interest of speeding the data contained in this publication to you, these series are available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

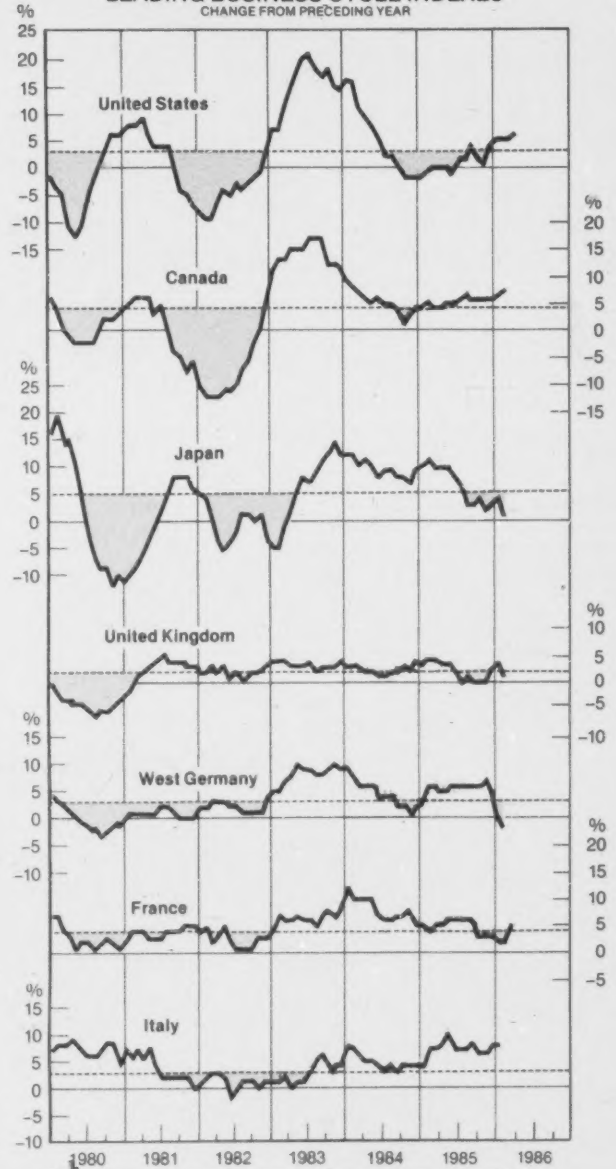
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



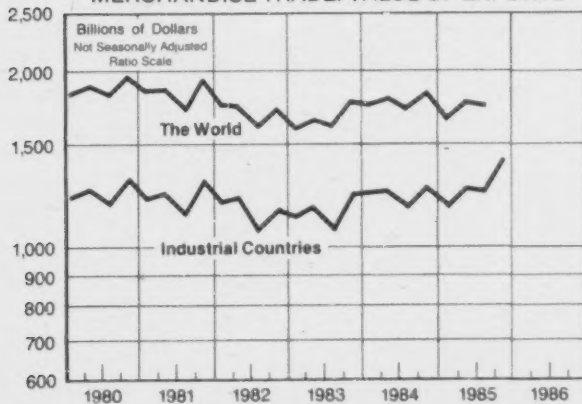
LEADING BUSINESS CYCLE INDEXES

CHANGE FROM PRECEDING YEAR

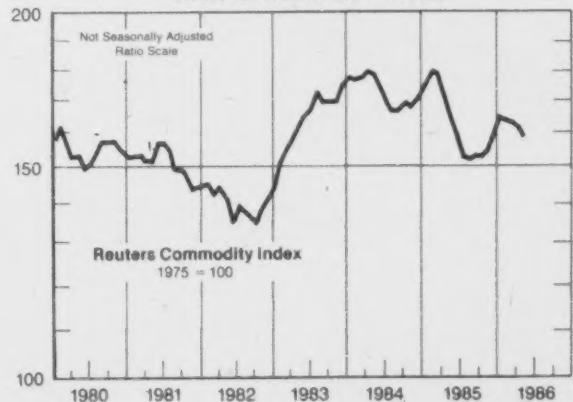


Source: Center for International Business Cycle Research, Columbia University

MERCHANDISE TRADE: VALUE OF EXPORTS

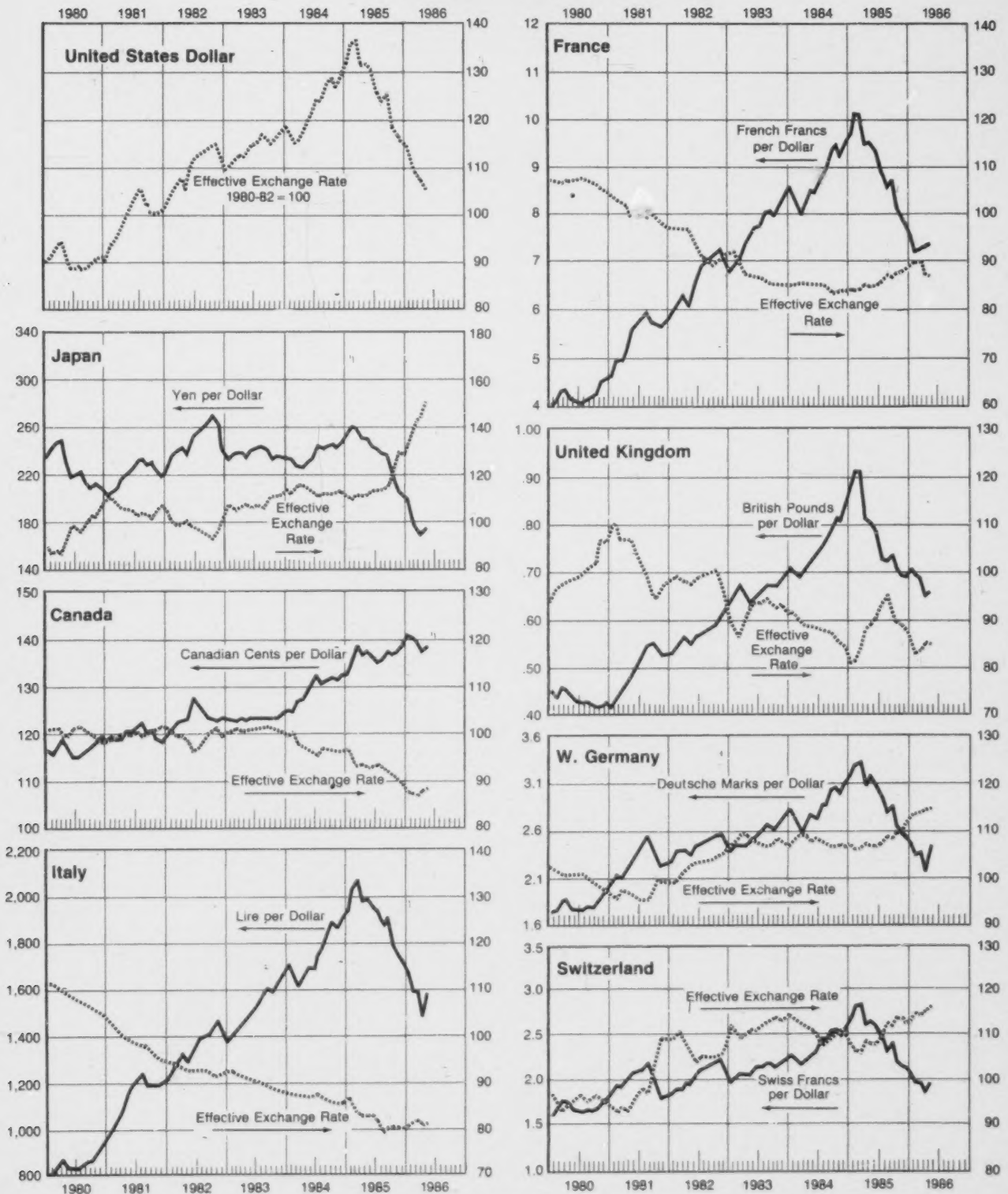


RAW MATERIALS PRICES



Foreign Exchange Rates

Indexes: 1980-82 = 100



Note: Nominal Effective Exchange Rates. Index numbers 1980-82 = 100. Each index shows a currency's trade- using averages weighted appreciation or depreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

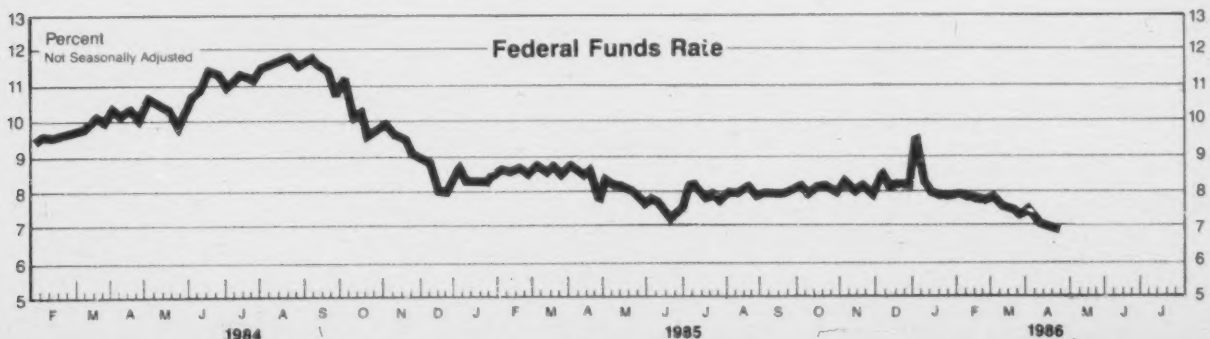
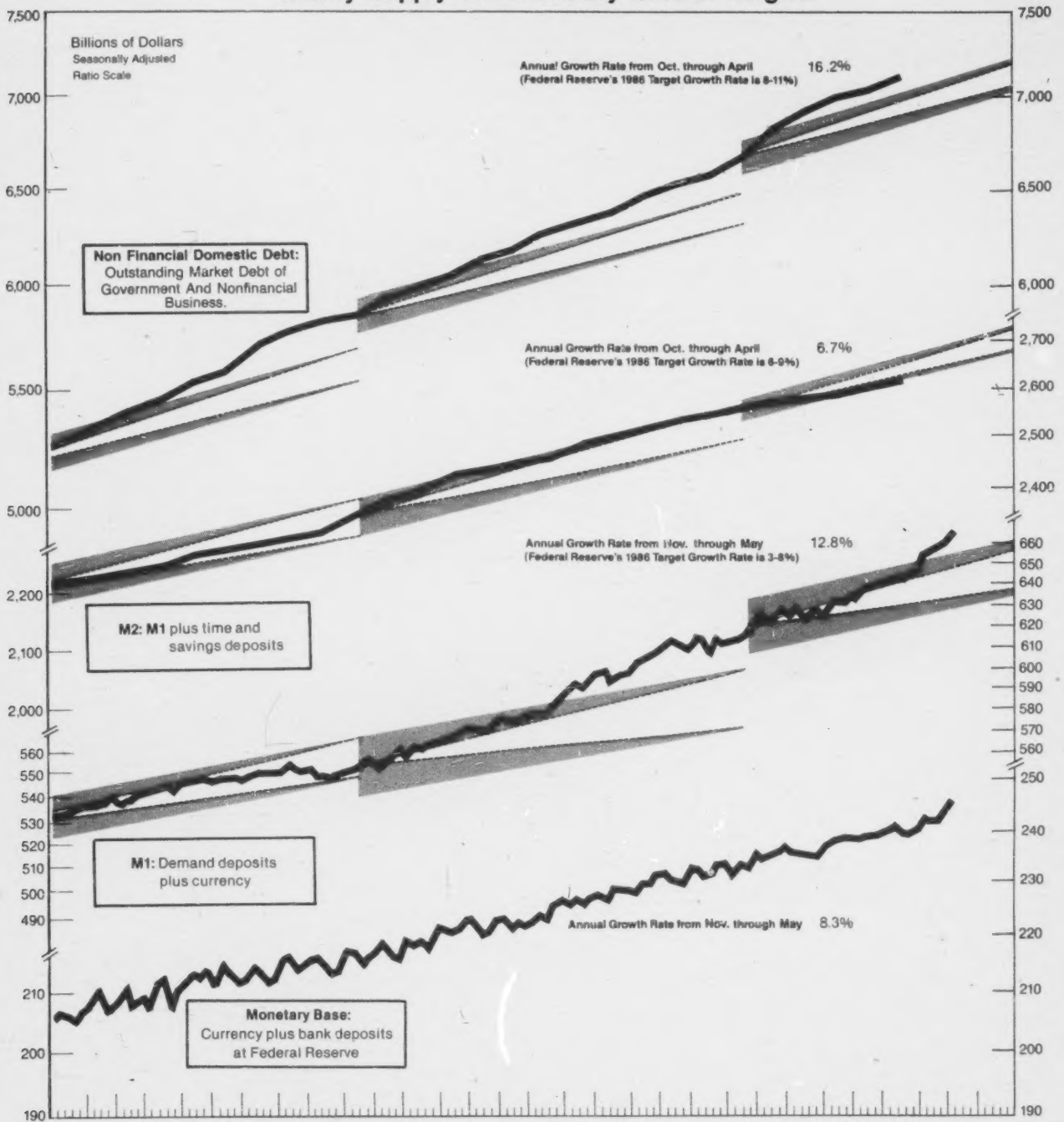
PERSPECTIVE ON THE FEDERAL BUDGET (Billions of Current Dollars)

	Fiscal 1986		Fiscal 1987		Fiscal 1988	
	Administration's	Congress's	Administration's	Congress's	Administration's	Congress's
	Latest Estimate	Latest Estimate	Latest Estimate	Latest Estimate	Latest Estimate	Latest Estimate
	(2/5/86)	(2/26/86)	(2/5/86)	(2/26/86)	(2/5/86)	(2/26/86)
Receipts	\$ 777.1	\$ 778.7	\$ 850.4	\$ 849.9	\$ 933.2	\$ 928.1
Outlays	979.9	983.5	994.0	1,009.7	1,026.8	1,060.3
Deficit	-202.8	-204.7	-143.6	-159.7	- 93.6	-132.3
Receipts by source	\$777.1	\$778.7	\$850.4	\$849.9	\$933.2	\$928.1
Individual income	353.7	354.2	386.0	385.0	425.9	422.0
Social security	280.4	280.8	302.8	302.3	335.0	333.5
Corporate income	70.9	72.2	86.7	89.4	101.2	101.2
Other receipts	72.1	71.5	74.9	73.2	71.1	71.4
Outlays by function	\$979.9	\$983.5	\$994.0	\$1,009.7	\$1,026.8	\$1,060.3
National defense	265.8	269.5	282.2	296.7	299.1	316.6
Social security	268.8	267.9	282.4	282.2	302.1	303.1
Income security	118.1	119.6	118.4	119.5	123.1	123.7
Health	35.7	35.6	35.0	35.1	36.7	36.8
Veterans benefits	26.6	26.7	26.4	26.5	26.9	26.9
Education & manpower	30.7	30.8	27.4	27.3	26.3	26.5
Transportation	27.1	27.5	25.5	25.6	24.1	24.3
Agriculture	25.9	30.4	19.5	21.9	19.7	23.5
International affairs	17.1	17.1	18.6	16.5	18.3	17.5
Natural resources	12.9	12.8	12.0	12.0	11.8	11.9
General science	8.9	8.9	9.2	9.1	9.3	9.4
Justice	6.8	6.8	6.9	7.1	7.0	7.2
General government	6.3	6.0	6.1	6.2	5.7	6.4
Community development	7.9	7.9	6.5	6.3	5.5	5.4
Commerce, Housing credit	3.8	4.2	1.4	3.1	3.8	4.3
Energy	4.4	4.2	4.0	4.4	4.5	4.1
Revenue sharing	6.2	5.8	1.7	1.7	1.8	1.8
Interest	142.7	139.8	148.0	144.7	145.1	152.7
Allowances	0.0	0.0	0.7	0.7	2.3	2.3
Offsetting receipts	-35.2	-37.7	-38.1	-36.8	-46.4	-44.2

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP						
Current Dollar	\$4,274.0	\$4,269.0	\$4,629.0	\$4,583.0	\$4,995.0	\$4,930.0
Constant (1982) Dollar	3,695.0	3,688.0	3,842.0	3,803.0	3,926.0	3,928.0
Percent change in						
Current dollar	7.0%	6.9%	8.3%	7.3%	7.9%	7.6%
Constant (1982) dollar	3.4	3.2	4.0	3.1	4.0	3.3
Implicit price index	3.5	3.6	4.2	4.1	3.7	4.1
Consumer price index	3.5	3.4	4.1	4.2	3.7	4.4
91-Day T bill rate	7.3	6.8	6.5	6.7	5.6	6.4
Unemployment rate	6.7	6.7	6.5	6.7	6.3	6.5

Money Supply and Monetary Growth Targets



CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

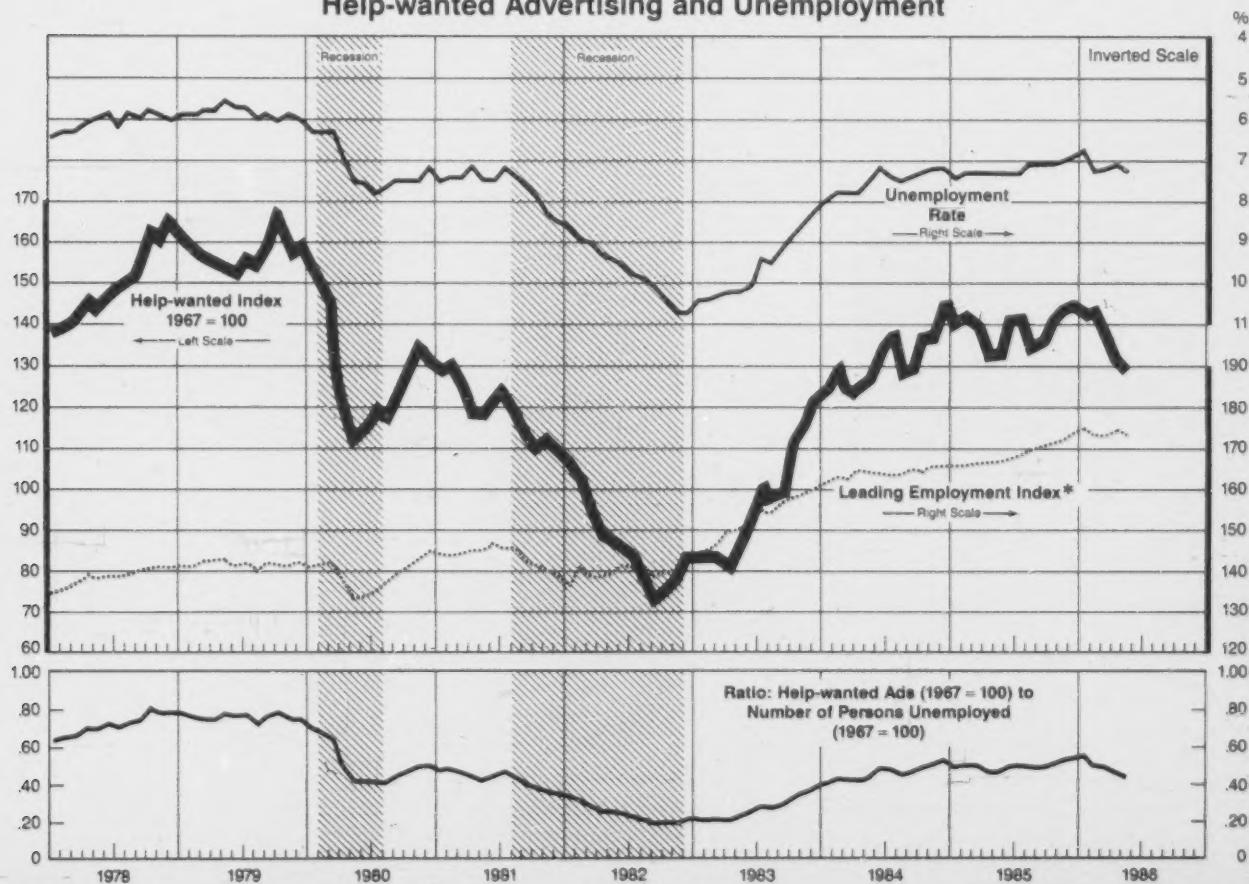
Seasonally Adjusted Indexes, 1967 = 100

Locality	1986			1985			1986			1985		
	Apr.	Mar.	Feb.	Apr.	Mar.	Feb.	Apr.	Mar.	Feb.	Apr.	Mar.	Feb.
National Index	132	138	142	132								
New England	162	158	157	149								
Boston	170	169	169	161								
Hartford	164	160	154	152								
Providence	132	120	117	103								
Middle Atlantic	73	71R	74	62								
Albany	169	136R	169	149								
Allentown	189	198	207	148								
New York	60	56	58	53								
Philadelphia	63	62	62	49								
Pittsburgh	81	88	87	61								
Rochester	81	84	92	79								
Syracuse	123	119	130	97								
East North Central	90	91	92	83								
Chicago	94	94	93	94								
Cincinnati	144	141	148	101								
Cleveland	59	63	63	58								
Columbus	147	155	154	130								
Dayton	83	85	82	79								
Detroit	67	71	73	64								
Gary	112	117	117	87								
Indianapolis	98	90	93	85								
Milwaukee	58	57	60	50								
Toledo	119	116	139	112								
West North Central	88	93	101	84								
Kansas City	149	156	199	117								
Minneapolis	67	70	71	75								
Omaha	115	117	112	120								
St. Louis	65	70	70	64								
South Atlantic	174	189	193	172								
Atlanta	263	276	294	271								
Baltimore	185	210	214	187								
Charlotte	152	159	154	139								
Jacksonville	213	219	204	192								
Miami	78	95	86	74								
Richmond	129	130	133	119								
Washington, D.C.	164	182	188	162								
East South Central	156	154	164	143								
Birmingham	149	158	176	138								
Knoxville	222	207	202	207								
Louisville	74	102	85	77								
Memphis	125	128	153	108								
Nashville	257	211	236	231								
West South Central	176	184	206	235								
Dallas	202	209	270	322								
Houston	224	230	251	280								
New Orleans	99	104	102	104								
Oklahoma City	102	115	119	140								
San Antonio	176	186	183	211								
Tulsa	122	137	137	149								
Mountain	268	291	306	314								
Denver	167	181	194	212								
Phoenix	395	439	455	475								
Salt Lake City	287	297	313	287								
Pacific	197	211	211	194								
Los Angeles	140	155	158	143								
Sacramento	370	385	380	342								
San Bernadino	230	240	245	222								
San Diego	459	467	474	435								
San Francisco	191	210	198	193								
Seattle	192	201	199	175								
Percentage of papers with rising volume	24%	33%	45%	18%								
Unemployment rate	7.1%	7.2%	7.3%	7.3%								

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).

r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1983	59.8	70.1	81.2	81.8	85.9	87.0	87.8	89.9	92.2	93.5	96.7	104.9
1984	105.0	102.0	102.9	103.8	102.0	103.7	98.5	101.6	102.4	101.7	106.1	98.7
1985	103.0	104.0	98.0	101.0	96.6	100.0	101.2	99.6	98.9	99.3	98.7	99.8
1986	97.8	96.9	96.9	99.0r	96.1p							

Buying Plans Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1983	71.7	71.1	77.5	85.6	84.7	89.0	94.4	85.0	101.6	102.2	99.2	99.3
1984	99.2	98.0	90.7	98.6	102.5	104.9	89.5	95.5	83.5	92.7	96.0	91.9
1985	100.7	98.7	98.4	97.4	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8
1986	105.6	103.9	101.9	135.3r	108.3p							

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary

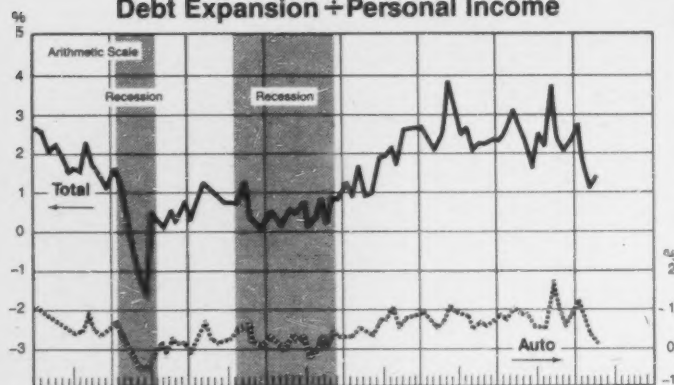
r—revised

Consumer Confidence and Expectations

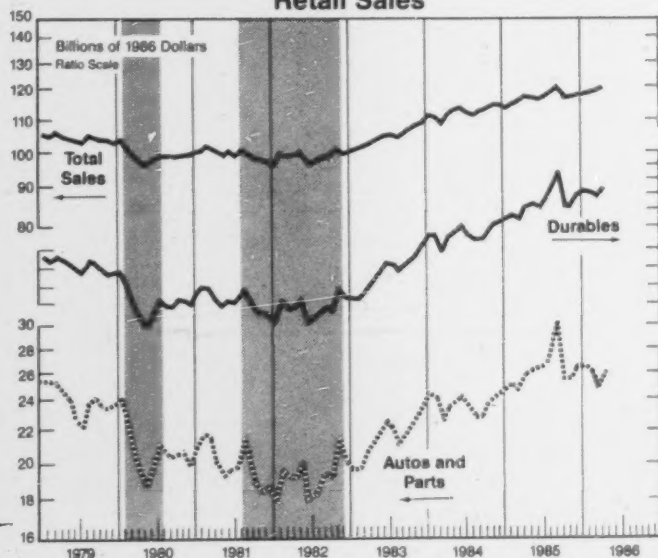


ATTENTION PC USERS: All data in this publication plus extensive government statistics are available on cost-effective diskettes. For more information, contact Linette Waters at (212) 759-0900.

Consumer Installment Debt Expansion + Personal Income



Retail Sales



CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods	1983	1984	1985	1986
January: 1-10	6.17	8.16	8.69	7.97
11-20	6.20	7.84	8.15	9.63
21-31	5.60	9.15	8.62	8.40
February: 1-10	5.86	7.79	7.97	8.32
11-20	5.30	9.17	8.04	8.93
21-28(29)	6.07	7.60	8.58	6.38
March: 1-10	5.61	7.35	8.14	7.81
11-20	6.10	8.13	8.44	6.99
21-31	6.19	7.35	7.94	6.24
April: 1-10	6.69	8.88	8.16	8.39
11-20	6.52	7.96	9.12	6.97
21-30	6.35	8.60	8.46	7.96
May: 1-10	6.67	8.75	7.45	8.13
11-20	6.30	7.74	8.69	8.49
21-31	6.97	8.43	7.70	6.86
June: 1-10	7.23	7.22	8.21	8.27
11-20	7.34	8.25	8.02	
21-30	7.28	8.10	7.16	
July: 1-10	7.25	9.51	7.89	
11-20	7.36	8.32	7.47	
21-31	7.43	8.59	7.53	
August: 1-10	7.39	7.33	6.47	
11-20	6.11	8.07	8.39	
21-31	6.65	7.43	13.29	
September: 1-10	6.26	8.13	12.76	
11-20	7.21	8.52	10.63	
21-30	6.55	6.03	9.49	
October: 1-10	7.52	7.83	7.44	
11-20	7.56	7.07	6.27	
21-31	7.45	7.70	6.75	
November: 1-10	6.96	6.80	6.04	
11-20	6.55	8.44	6.66	
21-30	7.62	6.57	6.70	
December: 1-10	7.30	8.75	7.72	
11-20	8.09	7.96	6.74	
21-31	8.48	8.19	10.38	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales

